

H 25555
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Floor Action - 4

SENATE APPROVES MILITARY PAY RAISE

The Senate Aug. 6 passed by an 84-0 roll-call vote and returned to the House an amended bill (HR 5555) authorizing military pay increases of approximately \$1,227,330,000 a year, to take effect Oct. 1, 1963. (For voting, see chart p. 1428)

The bill also provided increases for the Coast Guard, Coast and Geodetic Survey and Public Health Service of approximately \$30,084,000 a year. The grand total of annual pay increases authorized was approximately \$1,257,414,000. The Senate version of HR 5555 authorized approximately \$4,985,000 more than the House version (on the basis of new estimates supplied by the Defense Department). The Senate increased the amounts provided by the House for basic pay but reduced subsistence pay and retired pay. (See Committee action, below).

In the Senate version, \$968,203,000 was authorized for increases in the basic pay of active duty personnel. These were largest in the middle enlisted and officer grades, and were designed to induce a larger number of personnel in these grades to remain on active duty instead of returning to civilian occupations. Sen. Howard W. Cannon (D Nev.), floor manager of the bill, said that if the bill resulted in a reduced turnover rate of military personnel, the pay increases could be offset by substantial savings in training costs. He said it currently cost "in the neighborhood of \$825,000 to train a B-52 pilot." Sen. William Proxmire (D Wis.) said it currently cost as much as \$2.5 million to train a B-52 pilot commissioned from the ROTC program because "some 327 persons enter training in order to produce 100 pilots."

The Senate adopted one amendment, which was subsequently withdrawn. The sponsor, Sen. Ralph W. Yarborough (D Texas), said that it would have corrected an "unintended inequity" resulting from "a hiatus" in the 1953 pay act, under which widows of retired personnel who died before the first day of the month following their retirement date were ineligible to receive an annuity to which they were otherwise entitled. Yarborough said the amendment would affect a "limited number of people, who, in the vastness of the pay bill, were not provided for." In withdrawing the amendment, Yarborough said it would be introduced as a separate bill.

PROVISIONS -- As passed by the Senate HR 5555 authorized a total of approximately \$1,257,414,000 a fiscal year for increases in compensation rates.

Active Duty Personnel, Department of Defense. Approximately \$1,076,129,000, as follows:

\$968,203,000 for selective basic pay increases for enlisted men and officers.

\$1,241,000 for officer candidates.

\$42,502,000 for family separation allowances. This included a monthly bachelor's quarters allowance to married servicemen separated from their families and required to obtain commercial quarters and an extra one-third of monthly quarters allowance to servicemen away from families for more than 30 continuous days a year.

Approximately \$77,520,000 a year for terminal leave payments, social security, severance pay, reserve readjustment pay, death gratuities and re-enlistment bonuses.

Approximately \$11,663,000 for submarine pay (training duty), high-pressure chamber duty, double incentive payments for hazardous duty, hostile duty pay, medical and dental incentive pay and contract surgeons' pay.

Retired Personnel, DOD. Approximately \$77,972,000, including \$40,984,000 for a five-percent across-the-board pay increase for all persons retired prior to the effective date of the act, approximately \$27,517,000 to allow personnel retired prior to June 1, 1958 to recompute their pay on the 1958 pay scale in lieu of a 5-percent increase, and \$9,471,000 for personnel retiring in fiscal 1964.

In addition, the bill authorized a new system of adjusting annuities of retired servicemen on the basis of cost of living increases.

Reserve Personnel, DOD. Approximately \$73,229,000.

Coast Guard, Coast and Geodetic Survey, Public Health Service. Approximately \$30,084,000.

The bill also authorized the Secretary of Defense to determine what constituted a foreign duty station for the purpose of foreign duty pay.

AMENDMENTS REJECTED

Aug. 6 -- Barry Goldwater (R Ariz.) -- Require the President to direct an agency to keep military pay under continuing review and require him to prepare legislation "if he finds that military pay is not keeping abreast of productivity changes in the general economy." Voice.

Hiram L. Fong (R Hawaii) -- Retain Hawaii as a station at which personnel are entitled to draw foreign duty pay. Voice.

Background

The House approved HR 5555 May 8, providing pay increases totaling approximately \$1,252,429,000 to take effect Oct. 1; of this amount, \$1,222,345,000 was for the military services under the Defense Department (corrected totals). (Weekly Report p. 703)

SENATE COMMITTEE -- Armed Services.

ACTION -- Aug. 5 unanimously reported HR 5555.

Majority Views. The report said that the increases in the basic pay of military personnel were designed to serve two purposes: to provide a cost-of-living increase of "approximately 5 percent," and to provide "significantly larger percentage increases" in the enlisted and officer grades at the end of the first term of service "to assist in meeting the enlisted and officer retention problem."

The cost-of-living increase was designed to bring military pay "abreast of productivity changes in our general economy" since 1958. The report said military compensation had "not kept pace with the increases that have been granted since 1958 to workers elsewhere in the economy, including the Federal Government." It said the Committee was "glad to observe" that the Defense Department had established a "continuing review" of military pay in order to make "prompt recommendations" to Congress when it was determined that changes in the economy warranted changes in the pay structure.

The report said that the "critical" officer retention problem was how to persuade an adequate number of junior officers to seek "career status" at the end of their obligated term of service. It said that the Armed Forces were currently forced to retain in service almost all of the officers who applied for retention in order to maintain the level of the career force, and were consequently "able to exercise only the barest level of

quality control" in selecting career officers. It added that in the future the services would need to take in even larger numbers of junior officers "in order to maintain even the present officer strength" because a large number of World War II officers were becoming eligible for retirement.

The "critical" enlisted retention problem came in persuading enlisted men with technical skills to remain in the service, the report said. It noted that the Department had not made full use of the authority provided under the Military Pay Act of 1958 to make additional "proficiency" payments to enlisted technicians at rates up to \$150 a month. (1958 Almanac p. 235)

Changes from House Bill. The Committee made the following major changes in HR 5555 as passed by the House: Cost data are based upon new estimates supplied by the Defense Department after the House had passed the bill. For this reason, figures do not jibe with those provided in Weekly Report p. 703. Figures are given on an annual basis.)

Active Duty Personnel. The over-all changes in active duty pay amounted to an estimated additional cost of \$22,200,000.

The Committee provided basic pay increases for enlisted men in pay grades E-4 (corporal) and above, and for commissioned officers, who had served less than two years. The House had provided no increases for personnel with under two years of service. The Committee also provided additional increases above the House for enlisted personnel in the grades of corporal to sergeant-first-class and officers through the grade of lieutenant colonel with over two years service. The estimated additional cost of the Committee's actions was \$120,438,000.

The Committee provided increases in the special pay provided for physicians and dentists in order to "improve the declining retention rate for these two groups." The House had provided no increase for this group. Estimated additional cost: \$4,992,000.

The Committee deleted, at the request of the Defense Department, all subsistence allowance increases authorized by the House, including those for officer candidates and reserve personnel. The report said the Department was undertaking a "thorough study" of such allowances. Estimated savings: \$83,385,000.

The Committee deleted a provision making hostile fire pay \$55 a month (authorized in the bill) retroactive to Jan. 1, 1961. Estimated total saving: \$2,200,000.

The Committee changed the concept of foreign duty pay currently paid to enlisted personnel serving outside the continental U.S., including those serving in Alaska. The Committee amendment allowed the Secretary of Defense to determine at what locations outside of the United States foreign duty pay could be drawn. The report said the Department estimated that current expenditures of \$93 million a year for foreign duty pay could ultimately be reduced by about \$40 million. The House version had designated Hawaii as a foreign duty station. Estimated savings in the first year: \$20,719,000.

The Committee amended the family separation allowance provided in the House bill by authorizing a flat rate of \$100 a month instead of the graduated rates provided in the House bill. The allowance was designed to encourage officers and other personnel whose duties required separation from their dependents. Estimated savings: \$3,071,000.

The Committee reversed a House action, taken at the recommendation of the Defense Department, which re-

pealed an unused authority to provide special "responsibility pay" for officers in grades O-3 (captain) through O-6 (colonel) who occupied "positions of unusual responsibility." The report said the Department sought repeal because "there should be no distinction between persons of equal rank" and because it would be difficult to administer "without serious problems of equity and morale." The report said the Committee was retaining the authority because the Air Force and Navy had recommended implementing it, and because it would provide "an added incentive for superior achievement" by officers in positions of unusual responsibility. As examples the report cited "the captain of a nuclear submarine or an aircraft carrier or a commander of a wing of the Strategic Air Command or a battalion commander in West Germany" (all of whom command nuclear-armed forces).

Reserve Personnel. The Committee deleted increases in subsistence pay provided by the House. The over-all changes in reserve pay amounted to an estimated additional cost of \$8,032,000.

Retired Personnel. The over-all changes in retired pay amounted to an estimated savings of \$25,253,000.

The Committee deleted a House provision which would have permitted personnel retiring during calendar year 1963 prior to the effective date of HR 5555 to recompute their retired pay at the new rates authorized under the bill. Estimated savings: \$10,538,000.

The Committee recommended that personnel who retired before June 1958 (when the last pay increase became effective) be authorized to choose between recomputing their retired pay under the 1958 (but not 1963) scales or receiving a straight five-percent cost-of-living increase. The House authorized recomputation plus a five-percent increase. Estimated savings: \$14,742,000.

RESERVE PROGRAM REFORM

The Senate Aug. 7 passed by voice vote and returned to the House with several minor amendments a bill (HR 6996) replacing existing military Reserve programs with one uniform program for all Reserve components. There was no debate. HR 6996 was passed by the House July 8 and was reported (S Rept 388) with the amendments by the Senate Armed Services Committee Aug. 6. (Weekly Report p. 1117)

HR 6996 repealed existing Reserve programs and established a uniform permanent Reserve program for eligible individuals between 17 and 26 years old. The duration of the active-duty obligation would be determined by the length of time required for the Reservist to qualify for the special skill for which he enlisted. As passed by the House, the new program provided for a minimum active-duty requirement of four months and a total six-year enlistment obligation in an organized Reserve unit. The Senate added to this an amendment permitting trainees who were unable to serve in an organized unit to perform other service as prescribed by the Defense Secretary.

LUMBER SHIPMENTS

The House Aug. 5 passed by voice vote and returned to the Senate with a technical amendment a bill (S 1032) to encourage more competitive shipping rates for U.S. lumber against rival Canadian lumber interests.

The House version of S 1032, HR 1157, was reported (H Rept 630) with the technical amendment Aug. 1 by the House Merchant Marine and Fisheries Committee. S 1032 was passed by the Senate June 24. (Weekly Report p. 1050)

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